

## *Summary of Minutes*

**ECONOMIC DEVELOPMENT COMMISSION MEETING HELD ON FRIDAY, JANUARY 28, 2011 AT 12:00 PM IN THE HOOKER CONFERENCE ROOM OF CITY HALL AT SHOWERS, 401 NORTH MORTON STREET, BLOOMINGTON, INDIANA**

### **Call to Order**

The meeting of the EDC was called to order by Kurt Zorn at 12:05 PM.

### **Roll Call**

Members present: Kurt Zorn, Mike Satterfield, Malcolm Webb, Amanda Nickey.

Staff present: Danise Alano Martin, Economic and Sustainable Development Director; Adam Wason, Economic and Sustainable Development Assistant Director; Miah Michaelson, Economic and Sustainable Development Assistant Director; Inge Van der Cruysse, City Legal Council; Shazia Davis, ESD Intern, Hyangseok Chae, Legal Intern.

Members of the public present: Chad Rabinovitz, Bloomington Playwrights Project Artistic Director; Gabe Gloden, Bloomington Playwrights Project Managing Director

### **Approval of Minutes**

Mike Satterfield moved to approve the November 19, 2010 minutes by acclamation. Motion approved by general consensus.

### **New Business**

#### **Election of Officers for 2011**

Members discussed who would fill the officer positions and whether or not the EDC would have to meet again (if there was one motion and a back-up motion) since the current President Dick McGarvey was absent. Inge Van der Cruysse said that they would not have to meet again since there would be a back-up motion.

Malcolm Webb motioned to continue with current officers if those officers accept. Mr. Webb also motioned that if a current officer did not want to continue, Secretary Mr. Webb would become Vice President; Vice President Kurt Zorn would become President; and Amanda Nickey would become Secretary. Mr. Satterfield seconded both motions. Motions were approved by general consensus. There was then a vote, to which all members unanimously accepted both motions.

#### **Bloomington Playwrights Project (BPP) Application**

Adam Wason advised the group that the new BIIF Review Committee met last week (as the initial application review) and decided to bring this grant application to the EDC for approval. Chad Rabinovitz gave a fantastic presentation. All EDC members have been

provided with a copy of the grant application, project proposal and financing information. Miah Michaelsen introduced the \$25,000 grant request (infrastructure improvements). She pointed out that this type of quality investment has great long-term growth possibilities for the company. Investments of quality relating to production standards and client comfort, stage presentation, etc. provides an improved product to the audience to make them more competitive in an ever growing market. From an economic development standpoint, this project is a strategic and appropriate investment. Ms. Michaelsen then turned the floor over to Chad Rabinovitz and Gabe Gloden for information regarding their mission, vision, economic development impact for community and financial growth for the company.

Chad Rabinovitz said he would start by explaining who they are, why they need funding, and the value of this grant to them and for the City. Bloomington Playwrights Project (BPP) is the only professional theatre in the State of Indiana focused solely on new plays. They have received over 1000 new plays annually from across the globe. Mr. Rabinovitz pointed out the *Aware-Fest of Green World* this year that brought out five nationally renowned playwrights. BPP is developing theatre in both the local and national scene. They are the only theatre in the world offering the Paul Newman Award and have one of the largest theatre publishing companies.

BPP also serves the education community and is in its 28<sup>th</sup> year. They are in schools every week of the year and have a summer program. Educational program offerings are available for ages five and up, covering all age groups. Mr. Rabinovitz then turned to a discussion of BPP's needs.

Mr. Rabinovitz showed photographs of the lobby before and after they renovated it in order to demonstrate that they are able to do what they propose. He also showed photographs of the stage that was renovated.

Mr. Rabinovitz noted that the photographs do not show what BPP needs. BPP is in need of new improved lighting, better electricity/power capacity, handrails and new flooring for safety, sufficient heating and air conditioning, and a new projector (the current projector does not show the color red). BPP would like to improve the quality of production and their image locally and nationally through facility improvements.

This \$25,000 grant will allow BPP to triple their subscribership in three years, which will provide an additional \$12,000. BPP just re-signed their lease for ten more years to continue residing in the current space. In the past six months BPP has increased their subscribership by 94% by increasing the quality of their product. Increased subscribership leads to increases in ticket sales, memberships, and fundraising.

Mr. Rabinovitz has been negotiating with a major Broadway theatre company that is considering bringing their show here to Bloomington to originate. This would be the largest show in Bloomington history. Unfortunately, BPP does not have the space and electricity in their building to host this right now. Part of the goal of this grant is to prepare BPP's facility with the necessary infrastructure to support these types of shows.

If they are able to triple subscribership, this would represent an increase from 62% to 85% capacity. Rental revenue will also increase as a result of this grant. In 2008 BPP had \$1,038 in rental income; now have \$4,775. BPP will easily make \$10,000 in rental income after this facility improvement. Mr. Rabinovitz also pointed out the increases in art sales since the lobby improvements. With all of the other increases, art sales will be augmented as well. Overall, this \$25,000 grant will provide \$198,000 in anticipated increased revenue. The return on investment is very large.

Mr. Rabinovitz then spoke about the benefits for the local Bloomington economy. He said this is not a grant, but rather a supportive investment. This same incentive program provides loans to restaurants. This grant is a source that will bring those restaurants patrons. A survey in Washington DC showed that 60% of patrons seeing plays go to local restaurants to eat prior to the show. BPP has 90 seats, therefore to make a conservative estimate, consider that 20 people are eating out, spend \$25 per plate for ten shows, five nights a week plus rental plays will provide almost \$500 per night. These basic calculations just look at dinner, not other retail, lodging, etc.

Mr. Rabinovitz closed by stating that this grant will bring money back into the community. BPP helps put a lot of money into the community. It is very clear that this is not just a grant; it is a solid business investment.

*Floor was opened for questions:*

Mr. Satterfield asked how much a replacement projector costs. Mr. Rabinovitz responded that the cost is approximately \$1,500 depending on the intensity of the light bulb. Mr. Webb asked what the ticket prices were, to which the response was \$18 for adults, \$15 for students and seniors, and \$5 for a last minute student rush. Mr. Webb asked if they are getting much business from students. Mr. Rabinovitz said they have gotten the student community involved in the plays and this increases student patrons.

Mr. Satterfield asked about the additional power into the building and the lighting. Mr. Rabinovitz does not know exactly what they will need to do about lighting and power needs but they have an electrician that knows the building and is handling these improvements. BPP will be maximizing the potential that they do have. They are not at their full capacity right now. Mr. Satterfield said that knowing the City Council's interests, they will be asking how to save power and reduce the power they are burning up. Mr. Rabinovitz said that it is a matter of what can they do with the space they have without increasing power and increasing costs over the long run. In the lobby, lighting improvements were made to save energy. They will be looking at maximizing their capacity.

Mr. Webb said that he does not have any problem with the work of BPP and what they are doing. New plays definitely have a certain value in the community. However, he has questions (for Miah Michaelson actually) regarding the purpose of the BIIF program and overall plans for arts funding. Mr. Webb's concerns are in regards to the sustainability of

a fund that was originally targeted for loans although he does recognize the economic development impact for the City.

Ms. Michaelsen said that this was discussed quite a bit in the initial review meeting. She pointed out that the potential pool of organizations eligible for this type of grant is limited. Ms. Michaelsen said that she has worked on various grants that do not allow capital improvements such as this. Furthermore, with each grant given, the pool of applicants decreases as organizations will not be able to come back for this grant for some time, at least five years.

From a staff position this is another tool in the economic development toolkit to help these organizations. CDBG funds that are used in other towns for this, but in Bloomington arts organizations can not receive these funds because there are lots of social service organizations that get this funding already. There is no other source for funding at this level and for this purpose.

BPP presents a very attractive program. They do provide jobs and are a business. Yes, their operating profit model is very different, since it is a 501(c)(3). The BIIF is a program for the right applicant and the right type of project. The ESD Department feels like this is a good fit. It is somewhat of a first guy in line making a great case, gets the worm. This was discussed in review committee meeting and yes, there may be another group that will come forward in the future. We do not know that now.

Danise Alano-Martin pointed out that within BIIF, a grant fund has been available for almost 20 years. The scope has changed over time and this past year, the protection now (within the new guidelines) limits grant funding to \$50,000 per year.

Kurt Zorn asked if all the new guidelines were approved and Ms. Alano-Martin said yes. Mr. Wason clarified that what was approved still requires that grants must go to the City Council for final say. Therefore, BPP still has to go through another step.

Mr. Zorn said that if he looks at total availability and assumes that outstanding loans currently are good loans that totals \$115-120,000 more capital. That gives over  $\frac{3}{4}$  of a million dollars finishes Mr. Wason.

Mr. Zorn said he is incredibly uncomfortable giving out grants from this fund altogether without a source of recapitalization. This is saying nothing against BPP. Even if maximum grant funding is \$50,000 per year, it won't take long before the loan fund will not have enough money to continue. The loan will not be recapitalized with interest, because that defeats the purpose of the BIIF. Furthermore, there is another grant proposal in the pipeline.

Mr. Zorn said that he continues to turn to the City and ask if there are any other options for funding. Mr. Satterfield asked Ms. Alano-Martin and Ms. Michaelsen how they may try to ask the Council for recapitalization funding. If this grant is approved, what are we going to do? What is the Staff's plan? Mr. Zorn said that the arguments made for arts'

contribution to economic development are really persuasive and they will be for the City Council as well. Therefore it is essential that a plan be put in place for recapitalization because this is not sustainable.

Ms. Alano-Martin said that they plan to go before the Council during the budget process in July to ask for a certain amount of funds to be added into the BIIF. Mr. Zorn pointed out that during the budget process is not a good time to ask for this due to resource constraints and other public policy choices.

Mr. Zorn said that he thinks we need to go before the City Council before the budget process and be proactive. We should put forth the argument that the arts are an important driver in economic development. A resolution that Council supports this in theory may help when it comes to budget time. Mr. Zorn said that he will not vote for any grants until there is a sense from City Council that they are willing to put some type of money behind it.

Mr. Webb motioned to approve this project. Amanda Nickey seconded. Mr. Satterfield added (for ESD consideration) that we not wait until the budget process to bring this up to City Council. He suggested that if Staff wants the Council's attention on recapitalizing then it needs to be presented as a separate issue. Ms. Alano-Martin said that this is a grant available for all not-for-profits and in that sense the BIIF grant is a supplement to CDBG funds.

Mr. Zorn asked for a vote. Mr. Satterfield, Ms. Nickey, and Mr. Webb vote in favor of the motion to approve BPP for the \$25,000 BIIF grant. Mr. Zorn is opposed. The BPP application will now go to the City Council for final approval.

### **Staff Report**

Mr. Wason provides an update on the status of the loan fund, current loans outstanding. Everyone is current and making payments on time.

We do have a couple of loans in the pipeline. One is for a group called the Amity Montessori School. They have a fully fleshed out business plan. They will not need funds until June so Staff may bring the application forward for approval contingent upon matching funds and lining up the physical location.

There is also another loan working with the property owner where the downtown post office is going to go. This would be physical improvements to that building. Mr. Zorn clarified that those are both loans to which Mr. Wason agreed.

Ms. Alano-Martin said that Ms. Michaelsen has been talking to the Buskirk Chumley for over a year and Cardinal may be coming forth as well for grant funding from BIIF.

Mr. Satterfield asked about Amity. Mr. Wason explains that the owners of the school are Montessori educators. Rose Whitteveen is the primary owner. She has experience and it

is a for profit business. There is a long wait list at the Bloomington Montessori School, which is separate from them. Demand exists in the community.

Ms. Alano-Martin said that the Tax Abatement guidelines were passed by City Council in January.

Mr. Webb congratulated staff on the Cha Cha loan and pointed out that it is great to see that there are payments coming in now on that loan. Ms. Alano-Martin said she would pass that on to Legal Staff and thanked EDC in return.

Mr. Zorn moved to adjourn the meeting and Mr. Satterfield seconded. Meeting was adjourned at 1:01PM.